



STATE OF TENNESSEE
DEPARTMENT OF EDUCATION
Division of Resources and Support Services
LEA Support Services
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PHIL BREDESEN
GOVERNOR

LANA C. SEIVERS, Ed.D.
COMMISSIONER

MEMORANDUM

TO: Superintendents/Directors of Schools
Finance Directors

FROM: David W. Huss, M.Ed., CPA
Executive Director

DATE: December 1, 2005

RE: **FACTS Policy and Procedures for Requesting Discretionary Funds**

Nothing contained herein supersedes any reporting and/or documentation requirements as mandated by current State or Federal laws, rules, and/or regulations. The policy only pertains to State/Federal discretionary reimbursement programs. Federal formula program funds (Title programs, IDEA, Carl Perkins, etc.) are not affected by this policy.

Effective Date: January 2, 2006

Issue: Due to the numerous discretionary State and Federal programs Local Education Agencies (LEAs) are eligible to participate; LEAs are faced with cash flow difficulties created by “fronting” State and Federal programs with local funds prior to reimbursement.

Purpose: The FACTS Policy and Procedures for requesting discretionary funds is to alleviate the cash flow burdens by allowing LEAs to request funds prior to submitting documentation to the Department.

Procedures: The following procedures shall be followed by all LEAs who wish to initiate pay requests for discretionary State and Federal programs. Supplemental procedures may be issued by the respective program managers and are incorporated herein by reference. If an LEA wishes not to initiate pay requests for discretionary State and/or Federal funds, reimbursements will continue under current procedures, i.e., invoices will be submitted to the program manager for approval, and upon approval, the program manager will initiate the pay request through FACTS.

- ⇒ After all program budget documentation has been submitted and approved by the respective program manager, 75% of the LEA’s allocation will be posted to FACTS.
- ⇒ At the LEA’s discretion, the allocation may be used for payroll, by scheduling requests via the Federal/State Payroll Requests form in FACTS, or for budgetary items.
- ⇒ Once a request for reimbursement has been initiated via FACTS, LEAs will have fifteen (15) calendar days to submit the appropriate documentation (invoices, etc.) to support the request for reimbursement (the Department shall receive the documentation within fifteen (15) calendar days of the request for reimbursement). If the date documentation is due to the Department falls on a weekend or holiday, the due date will be the first business day thereafter.

- ⇒ **Remedy:** If the Department fails to receive adequate documentation within fifteen (15) calendar days, or the first business day thereafter, the program manager shall suspend the LEA's access to FACTS, which will suspend processing of future payments, until prior documentation has been received and verified. When an LEA brings their affected program within the guidelines as set forth above, the LEA's account will be re-activated.
- ⇒ **Payment of Invoice:** The payment of invoices by the State shall not prejudice the State's right to object to, or question, any invoice or matter in relation thereto. If the LEA does not take appropriate measures to resolve any conflict created by payment of submitted invoices, the LEA's Basic Education Program (BEP) funds shall be subject to reduction to recover any disputed funds.
- ⇒ In addition to the required documentation as set forth above, State/Federal discretionary reimbursement programs' quarterly expenditures shall be posted to the FACTS website within forty-five (45) days of the quarter ending.
- ⇒ Once documentation has been submitted and received by the Department which properly accounts for 100% of the grant award, the LEA's remaining allocation (25%) will be posted to FACTS and the program manager will initiate the LEA's final reimbursement.